

HOUSE BILL 1128  
By Briley

AN ACT to amend Tennessee Code Annotated, Section 56-29-111, relative to hospitals and medical service corporations.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 56-29-111, is amended by deleting the first sentence thereof and replacing it with the following language:

Every such service corporation shall maintain at all times proper reserves, which shall not be excessive or inadequate, shall be determined consistent with generally accepted actuarial standards, and shall be subject to the approval of the commissioner, for unearned subscription fees and unearned premiums and for unpaid hospital bills, including provisions for unreported and undischarged hospital cases and for incurred medical expense indemnity claims and other known liabilities.

SECTION 2. Tennessee Code Annotated, Section 56-29-111, is further amended by changing the period (.) at the end of the third sentence to a semicolon (;) and adding the following language:

provided, however, that such contingency or epidemic reserve shall be actuarially valued and, subject to the approval of the commissioner, annual increases thereto shall be discontinued if no longer actuarially required. As used herein, the term "annual premium income" shall not include any revenue or income derived by the service

corporation from administrative services agreements or cost plus agreements or other arrangements that do not involve the service corporation undertaking an element of insurance or insurance-type of risk.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.